

Message Text

UNCLASSIFIED

PAGE 01 PARIS 20566 271739Z

53

ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 EURE-00 SSO-00 NSCE-00 USIE-00

INRE-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02 TRSE-00

SS-15 STR-08 OMB-01 CEA-02 L-03 H-03 PA-03 PRS-01

CIAE-00 COME-00 EA-11 FRB-02 INR-10 NEA-10 NSAE-00

OPIC-12 LAB-06 SIL-01 TAR-02 RSR-01 /174 W

----- 074286

O R 271643Z JUL 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 2153

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY ROME

USMISSION EC BRUSSELS UNN

USMISSION GENEVA

USMISSION OECD PARIS

UNCLAS PARIS 20566

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: GISCARD ELABORATES ON HIS POSITIONS ON MONETARY QUESTIONS

REF: (A) PARIS 20534; (B) PARIS 19395; (C) PARIS 18605,
(D) PARIS 18522

PASS TREASURY AND FEDERAL RESERVE

FINANCE MINISTER GISCARD D'ESTAING MADE THE FOLLOWING
POINTS IN AN INTERVIEW FOR FRANCE-INTER RADIO NEWS BROADCAST,
WEDNESDAY 25 JULY:

1. MTN -- GISCARD EXPANDED ON ARGUMENTS FOR FRENCH

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 PARIS 20566 271739Z

PRESENCE TOKYO, AND SEEMED TO SOFTEN POSITION ON PARTICIPA-

TION ACTUAL NEGOTIATIONS REPORTED REFTELS (B), (C), (D). HE NOTED THAT ACTUAL NEGOTIATIONS CANNOT OPEN UNTIL PASSAGE U.S TRADE BILL, AND THAT THEY WOULD LAST UNTIL 1975 OR 1976. HE SUGGESTED THAT, "THROUGHOUT THIS PERIOD OF NEGOTIATIONS, A COUNTRY OR GROUP OF COUNTRIES WOULD BE ABLE TO SUSPEND ITS PARTICIPATION IN PREPARATIONS FOR ONE OR ANOTHER TRADE OR TARIFF AGREEMENT, IF ITS INTERESTS APPEARED TO BE IGNORED OR INSUFFICIENTLY HONORED.... FRANCE, AS OTHER COUNTRIES, COULD DO THIS AT ANY MOMENT." WHILE IMPLICATION THAT FRANCE MIGHT THEREFORE PARTICIPATE IN MTN BEFORE ITS MONETARY CONDITIONS MET IS NOT EXPLICIT, THIS INTERPRETATION SEEMS JUSTIFIED BY PRIME MINISTER MESSMER'S REPLY TO SOCIALIST LEADER MITTERAND, REPORTED REFTEL (A).

2. SUMMER MONETARY CRISIS -- THIS POSSIBILITY CONSIDERED UNLIKELY BECAUSE OF PRESENT FLOATING RATES. YOU CAN HAVE CRISIS ONLY WHEN THERE ARE RULES TO BE BROKEN, BUT NOT - AS AT PRESENT - WHEN THERE ARE NO RULES.

3. MONETARY SITUATION AND DANGER OF ECONOMIC CRISIS -- GISCARD SEES PRINCIPAL THREAT OF ECONOMIC CRISIS AS COMING THROUGH "WORLD INFLATION" OF WHICH HE SAYS, WITHOUT EXPLAINING HIS LOGIC, INTERNATIONAL MONETARY DISORDER IS PRINCIPAL CAUSE. HE EXPRESSED CONCERN OVER A WORLDWIDE ECONOMIC DOWNTURN IN SECOND HALF 1974.

4. U.S. AND CURRENT MONETARY SITUATION -- GISCARD STATED THAT POLITICAL WILL TO RESOLVE PRESENT MONETARY SITUATION STILL DOES NOT EXIST ELSEWHERE, BUT NOTED SOME "EVOLUTION" IN PAST FEW WEEKS. WHILE REPEATING CRITICISM U.S. INDIFFERENCE IN PAST, HE STATED POLITICAL AND PSYCHOLOGICAL EFFECTS LATEST FALL OF DOLLAR HAVE CAUSED "NEW CONCERN, WHICH IS A SMALL BEGINNING OF A WILL TO ACHIEVE REFORM." HE NOTED U.S. STATEMENTS ON WILLINGNESS TO INTERVENE REPRESENTED BREAK FROM PAST SILENCE AND DOCTRINE, AND IMPLIED THIS CAUSED RISE OF DOLLAR RATE FROM 3F88 LOW TO ACTUAL 4F05, AS WELL AS PRESENT "RELATIVE EQUILIBRIUM" OF EXCHANGE MARKETS. HE REPEATED CONTENTION THAT DOLLAR MUST RETURN TO MARCH LIMITS OF 4F70 TO 4F50 AND SAID FRANCE WOULD USE "NECESSARY MEANS TO OBTAIN THIS."

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 PARIS 20566 271739Z

5. EXPORTS STRESSED AS MOTOR OF FRENCH EXPANSION --

IN JUSTIFYING FRENCH VIEWS ON DOLLAR RATE, GISCARD STRESSED ROLE OF EXPORTS IN "HISTORIC" FRENCH GROWTH SINCE 1969, AND SAID FRANC OVERVALUATION RELATIVE TO DOLLAR WOULD "DRIVE FROM MARKET" PRODUCTS KEY FRENCH INDUSTRIES AS AVIATION, INDUSTRIAL MACHINERY, ELECTRIC MATERIALS AND TIRES.

6. AGREEMENT ON NEW MONETARY SYSTEM -- GISCARD
REPEATED HIS "HASTE MAKES WASTE" APPROACH TO INTERNATIONAL
MONETARY REFORM, SAYING MINDS (ESPRITS) NOT YET READY. HE
SAW TECHNICAL PROGRESS POSSIBLE ON MOST POINTS AT WASHINGTON
NEXT WEEK, AND AT NAIROBI, BUT EXPECTED THAT "TECHNICAL AND
POLITICAL" CONDITIONS NECESSARY FOR DEFINING "NEW ORDER"
WOULD NOT BE RIPE UNTIL SPRING 1974. HE MENTIONED
NUMERAIRE AS KEY "POLITICAL" QUESTION. IRWIN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PARIS20566
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973077/aaaaafcp.tel
Line Count: 124
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 73 (A) PARIS 20534; (B) PARIS 19395;
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 14 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Jan-2002 by phillir0>; APPROVED <14-Jan-2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GISCARD ELABORATES ON HIS POSITIONS ON MONETARY QUESTIONS
TAGS: ELAB, FR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005